

## Message Text

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44

ACTION AF-08

INFO OCT-01 EUR-12 EA-07 ISO-00 EB-07 CIAE-00 INR-07

NSAE-00 /042 W

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R 161515Z AUG 76

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 6355

USDOC WASHDC

INFO AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY THE HAGUE

AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: BENC, ENRG, NI

SUBJECT: MAJOR PROJECT FOLLOWUP: PIPELINES

REF: (A) LAGOS 5569 (B) LAGOS 4968

1. OFFICIALS OF FIRMS BIDDING OF VARIOUS SECTIONS OF PETROLEUM PRODUCT PIPELINES (BIDS WERE SUBMITTED JUNE 22) WERE CALLED TO LAGOS IN LATE JULY AND EARLY AUGUST FOR NEGOTIATIONS WITH MINISTRY OF PETROLEUM RESOURCES (MPR), WHICH WANTED THEM TO REDUCE PRICES THEY QUOTED BY TEN TO FIFTEEN PERCENT, PRIMARILY BY USING LOWER LABOR COST INDICES IN CALCULATIONS. EMBASSY UNDERSTANDS THAT AT LEAST WILLIAMS INTERNATIONAL, MCDERMOTT GROUP, AND ENTERPOSE ALL HELD SIMILAR DISCUSSIONS AND ALL AGREED TO REDUCTIONS.

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2. WILLIAMS REPRESENTATIVE TOLD EMBOFF COMPANY HAS BEEN ADVISED BY MPR TO EXPECT SOME KIND OF ANNOUNCEMENT IN CONTRACT AWARDS THIS WEEK, AND IS SENDING TOP OFFICER TO LAGOS FOR FINAL DISCUSSIONS AUGUST 16. WILLIAMS OPTIMISTIC THAT IT WILL WIN AT LEAST ONE SECTION OF PIPELINE IF NOT MORE. WILLIAMS IS CONCERNING ON WARRI TO IKORODU AND PORT HARCOURT TO ENUGU LINES WHICH IT WAYS ARE TECHNICALLY THE MOST DIFFICULT AND FOR WHICH IT IS BEST QUALIFIED FIRM. WILLIAMS REPRESENTATIVE SAID ENTREPOSE, MANNESMAN, MCDERMOTT AND SNAM PROGETTI ARE OTHER LIKELY WINNERS. SNAM PROGETTI IN PARTICULAR HAS BEEN VERY COMPETITIVE ON PRICES.

3. WILLIAMS REP ADDED THAT SOVIET BLOC ALSO LIKELY TO GET AT LEAST ONE SECTION. IN ADDITION TO ORIGINAL BIDDERS FOR EASTERN EUROPE (ENERGOPOL OF POLAND AND ROMPETROL OF RUMANIA), RUSSING GROUP KNOWN AS TSMPE HAS SUDDENLY APPEARED ON SCENE, ALLIED WITH CONSULTING FIRM IMEG. IMEG HAS PREVIOUS LINKS WITH RUSSIANS ON IRANIAN GAS PIPELINE PROJECTS (E.G., IMEG WAS DESIGN CONSULTANT ON 42 INCH IRAN-RUSSIA LINE, WHICH WILLIAMS INTERNATIONAL BUILT). MOREOVER, AS REPORTED REFTEL (B), IMEG IS OFFICIAL CONSULTANT TO NIGERIAN GOVERNMENT ON GAS PIPELINE TO PLANNED AJAKUTA STEEL MILL, AND SEDCO-BEAN, U.S. FIRM WHICH JOINED WITH IMEG TO BID ON PETROLUEM PIPELINE, WAS DISQUALIFIED BECAUSE MPR CLAIMED IMEG'S DUAL ROLE WAS CONFLICT OF INTEREST. IRONICALLY, SAME PRINCIPLE SEEMS NOT TO HAVE BEEN APPLIED TO IMEG-RUSSINA COOPERATION. EVEN MORE IRONICALLY, IMEG CALLED ON SEDCO WITH RUSSINAS IN TOW AND ASKED IF SEDCO WOULD LIKE TO JOIN THEIR PARTY AS A SUB-CONTRACTOR. SEDCO HEADQUARTERS DECLINED INV TATION, CONVINCED RUSSINAS CANNOT DO WORK ON ANY SECTION OF NIGERIAN PIPELINE IN TIME REQUIRED AND ARE LOOKING FOR GOOD WESTERN FIRM TO SHOULDER THE BURDEN WHILE THEY TAKE THE CREDIT.

4. ENTIRE CONTRACT FOR MAINLINE PIPE, WORTH APPROXUTELY 40 MILLION DOLLARS, HAS BEEN AWARDED TO CONSORTIUM OF LARGEST JAPANESE STEEL FIRMS, WHICH INCLUDES NIPPON STEEL, KOBE STEEL, FUJI STEEL, SUMITOMO, AND NIPPON KOKAN (NKK). JAPANESE EMBASSY SAYS OF JAPANESE FIRMS WHO BID ON CONSTRUCTION AS REPORTED REFTEL (B), NIAGATA ENGINEERING HAS DROPPED OUT, LEAVING NISSHO IWAI/NKK GROUP AS ONLY CONTENDER;

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5. MEREDYNE GEOTECH OF GARLAND, TEXAS HAS SUBMITTED PROPOSAL FOR AUTOMATED PIPELINE CONTROL SYSTEM WHICH MCDERMOTT GROUP INCLUDED IN ITS BID ON ONE SECTION. MPR APPARENTLY FAVORABLE IMPRESSED WITH MEREDYNE SYSTEM, AND FIRM NOW CONTACTING ENTREPOSE AND WILLIAMS TO ASSESS PROSPECTS FOR WORKING ITS SYSTEM INTO SEVERAL MORE, IF NOT ALL SECTIONS OF PIPELINES.

6. WOULD APPRECIATE ANY INFORMATION EMBASSY MOSCOW MAY HAVE ON

IDENTITY OF TSMPE GROUP.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM PRODUCTION, CONSTRUCTION, PRICES, PIPELINES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 AUG 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976LAGOS09402  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760314-0524  
**From:** LAGOS  
**Handling Restrictions:** n/a  
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**Line Count:** 117  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION AF  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 LAGOS 5569, 76 LAGOS 4968  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <20 APR 2004 by BoyleJA>; APPROVED <23 AUG 2004 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAJOR PROJECT FOLLOWUP: PIPELINES  
**TAGS:** BENC, ENRG, NI  
**To:** STATE COM  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006